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The Director of Central Intelligence
Washington, D.C. 20505

National Intelligence Council

NIC #00088-88
7 January 1988

MEMORANDUM FOR: Director of Central Intelligence

VIA: Deputy Director of Central Intelligence

FROM: H. F. Hutchinson, Jr.
Acting Chairman

SUBJECT: DCI Retreat 21-23 February

1. My understanding is that you wish to identify and discuss some of the long-term issues rather than near-term problems and that you are more interested in airing those issues to ensure mutual understanding rather than finding short-term solutions.

2. Some issues, representative of the concerns you may wish to have aired, are:

a. Developing leaders and managers in the Agency. Everyone is in favor of this and several programs, in several directorates, can be pointed to as evidence of our commitment. I am also reminded of a comment a few years ago that "... the Agency has the finest people I have ever seen in government ... but, they are all number two men, there are few number ones." The reference was to a dearth of leaders and managers.

Are we systematically selecting people for development?

Are we providing them the required formal training?

Are we providing the even more important broadening experience such as cross directorate assignments, sabbaticals, assignments with other departments?

b. Integrating Agency resources across directorates: a managerial challenge and a necessity. The intelligence problems faced by the DCI usually are not separate ones of analysis, S&T, and clandestine collection; the problems usually are seamless ones, e.g., arms control and embody all those parts. The intelligence problems are divisible into separate parts at a lower level than the DCI, but the challenge

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remains for the DCI to reintegrate the parts into something actionable. Organizational and management theory deals with the concepts of "line" and "staff." In the case of the Agency, the directorates are your line elements; you have some staff elements but none is designated to integrate for you in any significant way the separate actions of the directorates. The Intelligence Community Staff performs a staff integration function with the Community budget (the National Foreign Intelligence Program); the Executive Director of CIA performs a staff oversight function for the Agency budget and integrates some support programs within the Agency; and the National Intelligence Officers perform an integrating staff function, although only in the area of national estimates.

Are these arrangements satisfactory for you?

Most Directors have been satisfied, after a fashion, even though they tinkered with the specific duties of staff elements.

Would it assist you if the Executive Director had more management or staff authority, especially if it extended to the directorates of intelligence, operations, and S&T?

Should the Intelligence Community Staff be restricted to the Community program and budget function? Should its Community responsibilities be expanded? Or, is the ICS already working beyond limits of capability?

Could the NIO staff role be expanded beyond the estimate function to assist the DCI in the integration of Agency resources?

Or, is the staff support to the DCI about right?

c. Compartmentation: A security necessity and an obstacle to management. There is no question that the probability of leaks or other compromise of secrets goes up as the number of people who have knowledge grows. Therefore, we compartment "sources and methods" and even the "fact of" many operations and technical projects. This practice causes few problems in the field and at the "worker bee" level. On the other hand, compartmentation practices that exclude DCI senior staff and managers from knowledge deprive the DCI of advice and counsel.

Have we compartmented excessively among DCI senior staff and managers?

Have leaks or other compromises ever been a problem with DCI senior staff and managers?

Should we reduce compartmentation at the senior level while maintaining our present practices in the field and at lower levels?

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d. How do we develop analysts to ensure they have a sense of the "real world?" Senior State and Defense officials frequently criticize CIA analysis on the basis that the "analysts simply do not understand the problem, . . . the analyst doesn't understand weapons . . . the analyst doesn't understand Salvadorans" . . . etc. We usually counter or dismiss the criticism by pointing out "policy biases . . . vested interest . . . clientitis . . ." on the part of the critic. The analysts at CIA, and other intelligence organizations, in the post-War II period brought to their work extensive prior military or business experience, foreign travel as journalists, soldiers, and academics, and their intelligence analysis reflected a sense of the real world. The present generation of analysts comes straight from college to the Agency. Their writing does not reflect an appreciation of foreign culture, exotic political arenas, the gritty reality of war and power politics. Or, so some would ask us to believe.

Are there demonstrable differences in the life experiences of today's analysts as compared to 1960 or so?

Are there significant differences in the criticism of the analysis in the different periods? Differences in the quality of analysis?

Are we systematically compensating for the difference in life experiences of the two generations of analysts?

Or, is this not a problem?

e. Counterintelligence and security in the Agency. The Howard case, the redefection of Yurchenko, and the recent IG report on counterintelligence all point to the need to make changes in CIA security and CI functions. While changes are called for throughout the government, we all realize that CIA must take the lead. The oversight committees certainly look to the DCI for leadership. The IG report stressed the point that counterintelligence is a necessity, not only for the Directorate of Operations but for all the Agency. Therefore, we must consider organizational changes in order to deal with the CI and security needs of the whole agency. There are many variations of organizational solutions but most of them sort into one of two approaches; a separate directorate composed of CI and security elements or a smaller independent office with tasking and review authority throughout the Agency. A separate directorate would own all the CI and security resources necessary to do the job, the independent office would have only a small coordinating staff and would operate on a matrix management scheme.

What are the reactions to the two general approaches to a new organization?


What would be the cultural impact of the two approaches? Would a separate directorate be too intimidating?

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Would the resource impact of the independent office be less than a
directorate?

Which approach is likely to be more responsive? And effective?

3. I look forward to the discussion and would be pleased to help in any
way you wish.


H. F. Hutchinson, Jr.

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